



LEGISLATIVE FISCAL OFFICE
Streamlining Commission Analysis

Recommendation No. **RECOMMENDATION 52**
Streamlining Draft **AGEB 16A**

Date: January 26, 2010 10:07 AM	Author:
Dept./Agy.: Division of Administration (DOA)	Analyst: Travis McIlwain
Subject: Capital Outlay	

Require at least 60% of the money in Louisiana’s Capital Outlay Program be spent on road and bridge construction and maintenance through the existing priority program and at least 20% of the money in Louisiana’s Capital Outlay Program be spent on deferred maintenance of state buildings, including colleges and universities, for each year of the next five years.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. This recommendation will neither increase nor decrease funding, but will prioritize and allocate the new available general obligation bond cash line of credit (new projects funded with general obligation bonds). The general obligation bond cash line of credit capacity is statutorily set by R.S. 39:112(F) to \$200 million adjusted for construction inflation from 1994. According to the Division of Administration (DOA), the FY 11 cash line of credit is projected to be \$320.0 million. The cash line of credit is the amount of additional credit that the state can incur for new capital outlay projects in any given fiscal year. This recommendation includes a percentage allocation of such resources to be as follows: 60% road and bridge construction, 20% state buildings deferred maintenance, and 20% for state and non-state entities. To the extent this recommendation is implemented, the projected breakdown of the FY 11 projected cash line of credit will be: \$192 million - road and bridge construction, \$64.0 million - state buildings deferred maintenance, \$64.0 million - discretionary state and non-state entities.

This streamline analysis assumes the intent of this recommendation is for future capital projects and not current ongoing projects previously appropriated by the Legislature and approved by the State Bond Commission (cash lines of credit). The cash portion of the capital outlay program is typically funded by the organization requesting the project (fees and self-generated) or is unknown on a year-to-year basis such as the amount of state general fund available for appropriation within the capital outlay program. Thus, the cash portions of the program are not considered within this streamline analysis. However, for informational purposes, of the \$5.5 billion appropriated within Act 20 of '09 (cash & GO bonds), the total amount that could be considered discretionary, as defined by Facility, Planning & Control (FP & C), is \$1.46 billion (Act 20 of 2009). This amount is based upon the following revenue sources: \$335.0 million - FY 10 cash line of credit, State General Fund including surplus funds - \$794.3 million, \$294.4 million statutory dedication & other, \$3.4 million reappropriated cash, \$33.6 million reappropriated bond proceeds. Of the \$1.46 billion deemed to be discretionary capital outlay, as defined by Facility, Planning & Control, in the FY 09-10 appropriations, approximately 33% is currently allocated for highways and bridges (excluding TIMED Program), or \$489.5 million, and 1.9% is currently allocated for deferred maintenance, or \$27.9 million. The amount of cash to be utilized for the FY 11 program will not be known until HB 2 of the 2010 Regular Legislative Session is filed.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	H. Gordon Monk Legislative Fiscal Officer